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# W. T. GRANT COMPANY

*Annual Report*  
1957

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# W. T. GRANT COMPANY

*Founded in 1906 at Lynn, Mass.*

EXECUTIVE AND BUYING OFFICES . . . 1441 BROADWAY, NEW YORK 18, N. Y.

## DIRECTORS

WILLIAM T. GRANT  
*Chairman*

JOHN G. BYLER

JOSEPH W. CHINN

HOWLAND S. DAVIS

RAYMOND H. FOGLER

CLAYTON E. FREEMAN

JOHN D. GRAY

THOMAS P. JERMAN

M. F. KETZ

PETER KILBURN

J. LUTHER KNIES

LOUIS C. LUSTENBERGER

CLARENCE J. MYERS

EDWARD STALEY

ROBERT R. UPDEGRAFF

## OFFICERS

WILLIAM T. GRANT . . . . . *Chairman of the Board*

EDWARD STALEY . . . *Vice Chairman and President*

LOUIS C. LUSTENBERGER . . . *Exec. Vice President  
and General Manager*

J. LUTHER KNIES . . . . . *Merchandise Vice President*

GORDON ANDERSON . . . . . *Vice President*

M. F. KETZ . . . . . *Vice President and Comptroller*

R. W. ROSEVEAR . . . *Store Expansion Vice President*

HOWARD E. EADES . . . . . *Personnel Vice President*

HERBERT T. WILKINSON . . . . . *Store Management  
Vice President*

WARREN G. FINNAN . . . . . *Treasurer*

CHARLES W. RIVOIRE . . . . . *Secretary*

GEORGE W. MIDDLETON . . . *Assistant Comptroller*

ROBERT J. KELLY . . . . . *Assistant Secretary*

Transfer Agent—Guaranty Trust Company of New York  
Registrar—Bankers Trust Company, New York, N. Y.



Whittier, Calif.

# THE STORY IN BRIEF

Year ended January 31,

**1958**

**1957**

Sales .....	\$406,337,450	\$380,915,043
Earnings before taxes, excluding non-recurring items .....	\$ 18,258,632	\$ 18,493,187
Provision for Federal income taxes .....	\$ 9,313,000	\$ 9,555,000
Net earnings, excluding non-recurring items ...	\$ 8,945,632	\$ 8,938,187
Per common share .....	\$3.37	\$3.38
Non-recurring items, less related taxes .....	\$ 771,942	—
Per common share .....	\$ .31	—
Net earnings, including non-recurring items ...	\$ 9,717,574	\$ 8,938,187
Per common share .....	\$3.68	\$3.38
Dividends paid per preferred share .....	\$3.75	\$3.75
Dividends paid per common share .....	\$2.00	\$2.00
Total dividends paid .....	\$ 5,527,024	\$ 5,496,399
Earnings retained in the business .....	\$ 4,190,550	\$ 3,441,788
Depreciation and amortization .....	\$ 5,406,787	\$ 4,814,479
Merchandise inventories .....	\$ 69,762,345	\$ 61,725,684
Working capital .....	\$ 62,273,274	\$ 57,808,160
Fixed assets .....	\$ 37,640,768	\$ 36,795,025
Total salaries and wages .....	\$ 73,717,236	\$ 67,191,148
Other employee benefits .....	\$ 4,536,945	\$ 4,148,668
Total compensation and other benefits .....	\$ 78,254,181	\$ 71,339,816
Cents per sales dollar .....	19.3¢	18.7¢
Book value common stock—per share .....	\$37.24	\$35.69
Number of preferred stockholders .....	704	678
Number of common stockholders .....	6,991	6,018
Number of stores at year end .....	691	632

# W. T. GRANT COMPANY

1441 Broadway, New York 18, N. Y.

## TO THE STOCKHOLDERS:

This is our fifty-first annual report to stockholders. It contains the results for the year ended January 31, 1958, comparative financial statements, and the report of Ernst & Ernst, independent public accountants.

**SALES** — Sales for the year totalled \$406,337,450, an increase of \$25,422,407, or 6.7% over 1956. This is the first time sales exceeded \$400 million for a year.

The entire sales increase was accounted for by new and enlarged stores opened in 1956 and 1957. Stores that were in operation during the full years 1956 and 1957, had a net sales decrease of 3.9%.

The Company continued to direct its expansion program to shopping centers. At the year end, 193 of the Company's 691 stores were in shopping centers, and these stores accounted for 26% of the Company's 1957 sales.

**EARNINGS** — Net earnings for 1957, excluding non-recurring items, were \$8,945,632 which, after preferred stock dividends, equalled \$3.37 per share on 2,488,568 shares of common stock outstanding at the year end. In addition, there were non-recurring items in 1957 totalling \$771,942, or 31 cents per share. This represents, net after taxes, refund of excess profits taxes with interest for years 1943-1945 and interest on refund of taxes overpaid for years 1948 and 1949 on retroactive LIFO which the Company decided to abandon last year. The earnings were computed on the retail inventory method which the Company re-adopted effective February 1, 1956.

For 1956, net earnings were \$8,938,187 which, after preferred stock dividends, equalled \$3.38 per share of common stock on 2,475,143 shares outstanding at the year end.

**TAXES** — The year's provision for federal income taxes, as shown on the statement of operations, was \$9,313,000, or \$3.74 per share of common stock. This compares with \$9,555,000, or \$3.86 per share for 1956.

During the year, as a result of abandoning retroactive LIFO in 1956, agreement was reached and settlement was made with respect to income tax returns through 1952, except for a minor item.

**DIVIDENDS AND RETAINED EARNINGS**—During 1957, the regular dividends of \$3.75 per share were paid on the preferred stock and dividends of \$2.00 per share were paid on the common stock. The same amounts per share were paid in 1956.

There were 6,991 common stockholders at the year end, which is an increase of 973 over the previous year. The preferred stock was held by 704 stockholders, compared to 678 at the previous year end. It is gratifying to note the increase in the number of stockholders.

After preferred stock dividends of \$562,506 and common stock dividends of \$4,964,518 in 1957, net earnings retained for use in the business amounted to \$4,190,550, compared to \$3,441,788 in 1956.

**FINANCIAL POSITION**—Working capital increased \$4,465,114 during 1957, as follows:

	<u>January 31, 1958</u>	<u>January 31, 1957</u>
Total current assets .....	\$93,081,925	\$86,741,640
Total current liabilities .....	30,808,651	28,933,480
Working capital .....	<u>\$62,273,274</u>	<u>\$57,808,160</u>

The increase in working capital includes \$1,635,000 for the refund of the overpayment of 1948 and 1949 taxes under retroactive LIFO, which was carried as a non-current asset at January 31, 1957.

Merchandise inventories amounted to \$69,762,345, or \$8,036,661 above last year. The increase is entirely accounted for by new and enlarged stores and expanded activity in our two distribution centers.

At January 31, 1958, installment receivables from customers totalled \$21,768,167 of which \$20,028,588 had been sold to various banks. Last year, these receivables totalled \$20,147,386 of which \$10,925,705 had been sold to banks.

**ZELLER'S LIMITED**—During the year, the Company increased its investment in Zeller's Limited by \$950,762, when it purchased 50,000 additional shares that were part of the Company's commitment to buy, by February 1, 1960, fifty percent of the common shares outstanding, as described in Note A of the notes to financial statements. This purchase increased the investment in Zeller's Limited to \$4,566,798 at the year end.

In March 1958, the Company purchased an additional 50,000 shares for \$932,527. This leaves the balance of 84,500 shares to be acquired by February 1, 1960.

During the year, dividends received from Zeller's were \$260,476 which compares with \$207,335 in 1956.

Zeller's 1957 sales were \$46,341,000 or 6.6% over 1956. Although the earnings for 1957 have not yet been released, it is estimated that they will be slightly above last year's \$1,912,000.

During the year, Zeller's sold a debenture issue of \$3,000,000. Proceeds are for general corporate purposes and will aid the continuation of a steady expansion program which, in 1957, included 3 new stores and the enlargement of 2 stores. At the year end, Zeller's had 63 stores in operation.

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It is with deep regret that we record the deaths, during the year, of Mr. Walter P. Zeller, founder of Zeller's Limited and Chairman of its Board, and Mr. Russell D. Bell, a Vice President and a member of Zeller's Board of Directors.

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**CAPITAL PROGRAM** — During 1957, the Company completed 86 capital program projects, compared to 96 in the previous year. This year's program included 67 new stores, compared to 71 in 1956. Of this year's new stores, 65 were in shopping centers and 2 were in downtown locations. In addition to the new stores, 19 existing stores were relocated, enlarged, or modernized.

There were 691 stores in operation at the year end, including 4 stores temporarily closed, which will reopen in larger quarters in 1958. A year ago, there were 632 stores in operation, which included 4 stores temporarily closed. The net increase of 59 stores results from 67 new stores, less 8 stores that were permanently closed. On page 8 of this report, there is a list of the new stores opened during the year.

The 1957 capital program expenditures, principally for store fixtures, totalled \$6,478,000. This compares with \$8,461,000 in 1956.

During the year, the Company continued to open new stores and convert some existing stores on the so-called check-out basis of operation. At the year end, there were 204 check-out stores compared to 108 a year ago. We plan to open additional stores on this basis in 1958. This method of operation provides quick service to customers and is especially suitable and well accepted in shopping centers, and it has the potential of doing business at a lower cost than does the conventional method of operation.

In 1958, the Company will continue its steady expansion program. Currently, construction has started on 52 projects. This includes 40 new stores in shopping centers and the relocation, enlargement, or modernization of 12 existing stores. It is estimated that the cost of the 1958 capital program will not exceed the cost of the 1957 program.

The 1958 program includes the cost of installing an electronic system for accounting records and reports in a trial group of 25 stores and the home office. We believe that this project has the potential of bringing about lower payroll costs in stores and lower record keeping costs in the home office.

**PERSONNEL AND ORGANIZATION** — There were approximately 29,600 employees with the Company at the year end, which includes part-time people, and compares with 28,900 last year. The increase is entirely accounted for by new and enlarged stores.

Salaries and wages totalled \$73,717,236 for 1957, which is \$6,526,088 above last year. The 1957 employee benefits totalled \$4,536,945 compared to \$4,148,668 last year. Among the major employee benefits, \$1,199,740 was contributed to the employees' retirement plan, which compares with \$1,137,819 last year; and \$2,443,890 was paid by the Company in social security taxes for future employee benefits, which was an increase over last year's \$2,179,389.

Total salaries, wages, and benefits totalled \$78,254,181 or 9.7% above last year's \$71,339,816. The 1957 amount was equal to 19.3 cents of each sales dollar, compared with the previous year's 18.7 cents.

The increase in salaries and wages is partly accounted for by new and enlarged stores, and also reflects higher wage rates.

During the year, Howard E. Eades, Personnel Director, R. W. Rosevear, Expansion Director, and Herbert T. Wilkinson, Store Operations Director, were elected Vice Presidents of the Company. Mr. Eades has been with the Company 30 years; Mr. Rosevear, 11 years; and Mr. Wilkinson, 28 years.

In February 1957, the Board accepted with regret the resignation of Ward Melville who had been a Director since 1945.

At its January 1958 meeting, the Board of Directors also accepted with regret the resignation of Herbert K. Garges who had been a member of the Board for the past ten years. Mr. Garges' career with the Company spanned a period of forty-four years.



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It is with deep regret that the Company records the death in November 1957 of Mr. William L. Kleitz who had been a member of its Board of Directors since 1952.

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Since the last annual report, the following have been elected members of the Company's Board of Directors:

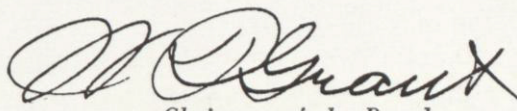
Clarence J. Myers, President of New York Life Insurance Company

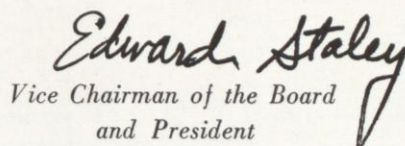
John D. Gray, President of Wallachs, Inc., and Vice President and Director of Hart, Schaffner & Marx

Thomas P. Jerman, Executive Vice President of Guaranty Trust Company of New York

Peter Kilburn, Director of Zeller's Limited, and President and Director of Greenshields & Co., Inc., investment bankers of Montreal.

The new year has started poorly in a declining economy. We expect it to be another challenging year, but believe that, with the continued competitive spirit of our employees and the continued cooperation of our suppliers, the Company is in a sound position to turn in a creditable performance along with a continued, steady program of expansion.

  
Chairman of the Board

  
Vice Chairman of the Board  
and President

April 3, 1958

# NEW W. T. GRANT STORES IN 1957

During the year, stores were opened in these 67 communities:



## 65 Shopping Center Stores

ATLANTA, GA. (Northeast Plaza)	HARRISBURG, PA. (Shopping Center)	PARSIPPANY, N. J. (Morris Hills)
ATLANTA, GA. (Parkview)	HOLLYWOOD, FLA. (West Hollywood)	PONTIAC, MICH. (Miracle Mile)
BAKERSFIELD, CALIF. (Hillcrest)	HOUSTON, TEX. (Meyerland)	RAMSEY, N. J. (Shopping Center)
BIRMINGHAM, ALA. (Five Points)	INDIANAPOLIS, IND. (Eagledale)	ST. LOUIS, MO. (Olivette)
BIRMINGHAM, ALA. (Roebuck)	JACKSONVILLE, FLA. (Southgate)	ST. LOUIS, MO. (Riverview)
BRIDGEPORT, CONN. (Brookside)	LAKELAND, FLA. (Southgate)	ST. PETERSBURG, FLA. (North Plaza)
BROOMALL, PA. (Lawrence Park)	LATHAM, N. Y. (Latham Corners)	SHEBOYGAN, WISC. (Northgate)
CARPENTERSVILLE, ILL. (Meadowdale)	LATROBE, PA. (Lincoln Road)	SOLON, OHIO (Solon Square)
CHELTENHAM, PA. (Oak Lane)	LEVITTOWN, PA. (Country Club)	SOMERVILLE, N.J. (Somerset)
CINCINNATI, OHIO (Brentwood)	LOUISVILLE, KY. (Indian Trail)	STONEHAM, MASS (Redstone)
COLUMBUS, OHIO (Great Southern)	METAIRE, LA. (Airline Park)	TACOMA, WASH. (Villa Plaza)
COVINA, CALIF. (Eastland)	MIDDLETOWN, N. J. (Middletown)	TOLEDO, OHIO (Swayne Field)
DALLAS, TEX. (Lochwood)	MISSION TOWNSHIP, KAN. (Shopping Center)	TULSA, OKLA. (Northside Village)
DAYTON, OHIO (Kettering)	MONTGOMERY, ALA. (Eastbrook)	WACO, TEX. (Fairgate)
DES MOINES, IOWA (Park Fair)	MONTGOMERY, ALA. (Normandale)	WARREN, MICH. (Green Acres)
EASTON, MD. (Talbottown)	MUNCIE, IND. (Northwest Plaza)	WARREN, OHIO (Trumbull)
EVERETT, MASS. (Glendale Square)	NAPA, CALIF. (Napa Valley)	WATERBURY, CONN. (Shopping Center)
FAIRFIELD, CONN. (Shopping Center)	NEW BRUNSWICK, N. J. (Brunswick)	WHITTIER, CALIF. (Whittwood)
FLORENCE, ALA. (Seven Points)	NEW HARTFORD, N. Y. (Shopping Center)	YOUNGSTOWN, OHIO (Lincoln Knolls)
FLORISSANT, MO. (Meadows)	NEW ORLEANS, LA. (Gentilly Woods)	
FLOURTOWN, PA. (Bethlehem Pike)	NORWALK, CALIF. (Norwalk Square)	
FT. LAUDERDALE, FLA. (The Plaza)	OAK PARK, ILL. (Shopping Center)	
GENEVA, N. Y. (Town & Country)	PARKERSBURG, W. VA. (Park Center)	

## 2 Downtown Stores

ENSLEY, ALA  
KNOXVILLE, TENN.



# W. T. GRANT COMPANY

## Statement of Operations

Year ended January 31,

	1958	1957
<b>SALES</b> .....	\$406,337,450	\$380,915,043
Cost of merchandise sold and operating expenses .....	381,966,558	357,224,005
	<u>\$ 24,370,892</u>	<u>\$ 23,691,038</u>
<b>ADD:</b>		
Interest earned .....	77,084	83,078
Other income .....	283,034	216,385
	<u>\$ 360,118</u>	<u>\$ 299,463</u>
	<u>\$ 24,731,010</u>	<u>\$ 23,990,501</u>
<b>DEDUCT:</b>		
Depreciation and amortization .....	5,406,787	4,814,479
Interest paid .....	864,098	474,424
Other deductions .....	201,493	208,411
Provision for federal taxes on income— Note C .....	9,313,000	9,555,000
	<u>\$ 15,785,378</u>	<u>\$ 15,052,314</u>
	<u>\$ 8,945,632</u>	<u>\$ 8,938,187</u>
Refund of federal taxes on income for the years 1943—1945 under Section 722 and interest (including interest on LIFO refund) less related income taxes of \$472,657 ...	<u>771,942</u>	<u>—</u>
<b>NET EARNINGS FOR THE YEAR</b>	<u>\$ 9,717,574</u>	<u>\$ 8,938,187</u>
<b>DEDUCT:</b>		
Cash dividends:		
On 3¾% Cumulative Preferred Stock: Four quarterly dividends of 93¾¢ each per share .....	562,506	562,506
On Common Stock: Four quarterly dividends of 50¢ each per share .....	4,964,518	4,933,893
<b>TOTAL DIVIDENDS</b> .....	<u>\$ 5,527,024</u>	<u>\$ 5,496,399</u>
<b>EARNINGS FOR YEAR RETAINED FOR USE IN THE BUSINESS</b>	<u>\$ 4,190,550</u>	<u>\$ 3,441,788</u>
<b>ADD:</b>		
Earnings of prior years retained for use in the business .....	73,519,523	66,863,617
Restoration of reserve for reduction in inventory valuation (net of taxes) relative to LIFO .....	<u>—</u>	<u>3,214,118</u>
<b>ACCUMULATED EARNINGS RETAINED FOR USE IN THE BUSINESS AT END OF YEAR</b> — Note D .....	<u>\$ 77,710,073</u>	<u>\$ 73,519,523</u>

(See notes to financial statements.)

# W. T. GRANT COMPANY

## ASSETS

January 31,

	<b>1958</b>	<b>1957</b>
<b>CURRENT ASSETS</b>		
Cash .....	\$ 20,224,468	\$ 15,363,742
Accounts receivable:		
Customers installment accounts not sold	1,739,579	9,221,681
Equity in customers installment accounts (\$20,028,588 and \$10,925,705, respectively) sold .....	2,002,860	1,092,572
	<u>\$ 3,742,439</u>	<u>\$ 10,314,253</u>
Less allowances .....	1,986,332	1,928,620
	<u>\$ 1,756,107</u>	<u>\$ 8,385,633</u>
Other accounts receivable, claims, etc...	1,339,005	1,266,581
Total accounts receivable, net..	<u>\$ 3,095,112</u>	<u>\$ 9,652,214</u>
Merchandise inventories (including merchandise in transit) — at the lower of cost or market determined principally by the retail inventory method .....	69,762,345	61,725,684
<b>TOTAL CURRENT ASSETS</b>	<u>\$ 93,081,925</u>	<u>\$ 86,741,640</u>
<b>OTHER ASSETS</b>		
Investment in Zeller's Ltd., at cost—Note A	4,566,797	3,616,036
Cash surrender value of life insurance . . . .	2,961,279	2,869,063
Recoverable taxes pertaining to retroactive LIFO .....	—	1,635,000
Sundry receivables and deposits .....	902,281	908,713
<b>TOTAL OTHER ASSETS</b> . . . .	<u>\$ 8,430,357</u>	<u>\$ 9,028,812</u>
<b>COMMON STOCK OF W.T. GRANT COMPANY</b>		
At cost, held for Deferred Contingent Compensation Plan (9,700 and 7,800 shares, respectively)—Note B .....	295,174	233,684
<b>STORE PROPERTIES, FIXTURES, AND IMPROVEMENTS</b> —on the basis of cost		
Buildings .....	175,000	185,000
Furniture and fixtures .....	49,683,062	45,122,495
Improvements to leased properties .....	14,984,661	15,322,638
	<u>\$ 64,842,723</u>	<u>\$ 60,630,133</u>
Less allowances for depreciation and amortization .....	27,360,518	24,037,170
	<u>\$ 37,482,205</u>	<u>\$ 36,592,963</u>
Land .....	158,563	202,062
<b>TOTAL STORE PROPERTIES, FIXTURES, AND IMPROVEMENTS</b>	<u>\$ 37,640,768</u>	<u>\$ 36,795,025</u>
<b>DEFERRED CHARGES</b>		
Prepaid taxes, rents and insurance, supplies, etc. ....	2,524,387	2,491,750
	<u>\$141,972,611</u>	<u>\$135,290,911</u>

# STATEMENT OF FINANCIAL POSITION

<b>LIABILITIES, RESERVES, AND CAPITAL</b>	<i>January 31,</i>	
	<b>1958</b>	<b>1957</b>
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses ..	\$ 26,850,664	\$ 23,959,603
Federal taxes on income — estimated, less U. S. Government securities amounting to \$6,970,260 and \$4,969,578, respective- ly—Note C .....	3,957,987	4,973,877
<b>TOTAL CURRENT LIABILITIES</b>	\$ 30,808,651	\$ 28,933,480
<b>RESERVES</b>		
For uninsured risks .....	1,500,000	1,500,000
For repainting stores .....	1,035,906	1,037,395
For deferred contingent compensation— Note B .....	322,904	255,249
<b>TOTAL RESERVES</b> .....	\$ 2,858,810	\$ 2,792,644
<b>CAPITAL</b>		
Capital Stock:		
Cumulative Preferred—\$100 par value— Note D: Authorized 250,000 shares Issued 150,000 shares of 3¾% series.	15,000,000	15,000,000
Common — \$5 par value — Notes A, B and E: Authorized 3,000,000 shares Issued 2,498,268 and 2,482,943 shares, respectively .....	12,491,340	12,414,715
Capital paid-in in excess of par value of shares issued .....	2,824,717	2,398,942
Amounts paid by officers and employ- ees under purchase contracts for 117,680 and 88,225 shares, respec- tively, of unissued Common Stock..	279,020	231,607
	\$ 15,595,077	\$ 15,045,264
Earnings retained for use in the business— Note D .....	77,710,073	73,519,523
<b>TOTAL CAPITAL</b> .....	\$108,305,150	\$103,564,787
	\$141,972,611	\$135,290,911

(See notes to financial statements.)

## Notes to Financial Statements . . .

January 31, 1958

**NOTE A**— The investment in Zeller's Limited consists of 240,500 shares of common stock. The Company has agreed to purchase by February 1, 1960, from Walter P. Zeller (deceased) and his associates an additional 134,500 shares at \$18.25 (Canadian) per share. The sellers may elect to receive, in lieu of cash, presently authorized but unissued shares of the Grant Company's Common Stock at the ratio of 1 share for each 2 shares of Zeller's common stock (representing a maximum of 67,250 shares of Grant Company's Common Stock). Inasmuch as the 134,500 shares are in escrow with the voting rights vested in the Company, it has voting control of 50% of Zeller's common stock. During 1957, the Company received \$260,476 in dividends on its investment in Zeller's common stock. In March 1958, the Company purchased 50,000 shares of the said 134,500 shares in escrow.

**NOTE B**— The amount shown for the reserve for deferred contingent compensation at January 31, 1958 represents (a) to the extent that allotments are contingently distributable in Common Stock of the Company, the cost to the Company of 9,700 shares of its Common Stock held for this purpose, plus provision for 851 additional shares at the January 31, 1958 market price, plus (b) the total of small balances remaining in participants' contingent cash allotments. For the year 1957, the amount charged to earnings for this purpose was \$73,802.

**NOTE C**— In accordance with the practice followed since inauguration in 1946, gross profits on sales on the installment basis are reflected in the financial statements of the Company when the sales are made, whereas for federal income tax purposes, such gross profits are reported as income as collections are received. Adequate provision for deferred federal taxes on installment sales is included in current liabilities.

**NOTE D**— The 3¾% Cumulative Preferred Stock is redeemable at the Company's option in whole or in part at \$100 (par value) per share plus accrued dividends to date of redemption.

So long as any of the Cumulative Preferred Stock remains outstanding, there are certain restrictions with respect to payment of dividends (other than stock dividends) on, and purchase of, Common Stock. At January 31, 1958, approximately \$68,000,000 of earnings retained for use in the business was free of such restrictions.

**NOTE E** — At January 31, 1958, 176,775 shares of the Company's unissued Common Stock were reserved under the Employees' Stock Purchase Plan. Contracts for the sales, on a deferred payment basis, are made at approximate market prices at dates of contracts. Shares are issued after completion of payments.

**NOTE F** — At January 31, 1958, the Company was lessee of real property under 717 leases expiring subsequent to January 31, 1961, at aggregate annual minimum rentals of approximately \$15,318,000 (exclusive of taxes and other expenses payable under terms of certain of the leases). This amount includes approximately \$8,374,000 minimum annual rentals under 353 leases which were on a percentage of sales basis with specified minimum annual rentals, but does not include any amount for 24 leases which were on a percentage of sales basis without any specified minimum annual rentals.

## **AUDITORS' REPORT**

TO THE BOARD OF DIRECTORS  
W. T. GRANT COMPANY  
NEW YORK, N. Y.

We have examined the financial statements of W. T. Grant Company for the year ended January 31, 1958. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying statements of financial position and operations present fairly the financial position of W. T. Grant Company at January 31, 1958, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent in all material respects with that of the preceding year.

ERNST & ERNST

New York, N. Y.,  
March 25, 1958

# Comparative Statement of Operations

(year which ends January 31 of subsequent calendar year)

	1957	1956	1955	1954	1953
<b>SALES</b> .....	\$406,337,450	\$380,915,043	\$351,848,626	\$317,157,138	\$299,767,741
<b>LESS:</b>					
Cost of merchandise sold and operating expenses .....	381,966,558	357,224,005	326,764,354	294,433,836	277,268,038
	<u>24,370,892</u>	<u>23,691,038</u>	<u>25,084,272</u>	<u>22,723,302</u>	<u>22,499,703</u>
<b>ADD:</b>					
Interest earned .....	77,084	83,078	66,220	152,872	249,762
Other income .....	283,034	216,385	217,318	206,557	239,031
	<u>24,731,010</u>	<u>23,990,501</u>	<u>25,367,810</u>	<u>23,082,731</u>	<u>22,988,496</u>
<b>DEDUCT:</b>					
Depreciation and amortization .....	5,406,787	4,814,479	4,581,113	4,215,288	3,739,806
Interest paid .....	864,098	474,424	209,577	124,455	154,197
Other deductions .....	201,493	208,411	182,067	158,278	174,710
Provision for federal taxes on income .....	9,313,000	9,555,000	10,685,000	9,975,000	10,035,000
Provision for federal excess profits taxes .....	—	—	—	—	940,000
	<u>8,945,632</u>	<u>8,938,187</u>	<u>9,710,053</u>	<u>8,609,710</u>	<u>7,944,783</u>
Non-recurring items .....	771,942	—	—	145,751	99,767
	<u>9,717,574</u>	<u>8,938,187</u>	<u>9,710,053</u>	<u>8,755,461</u>	<u>8,044,550</u>
<b>NET EARNINGS FOR THE YEAR</b> .....					
	562,506	562,506	562,506	562,506	562,506
Preferred dividends .....	4,964,518	4,933,893	4,408,316	3,648,259	3,625,258
Common dividends .....					
<b>ADD:</b>					
Miscellaneous adjustments .....	—	3,214,118	—	—	23,505
Earnings of prior years retained in the business .....	73,519,523	66,863,617	62,124,386	57,579,690	53,699,399
Accumulated earnings retained, at end of year .....	<u>\$ 77,710,073</u>	<u>\$ 73,519,523</u>	<u>\$ 66,863,617</u>	<u>\$ 62,124,386</u>	<u>\$ 57,579,690</u>



# Comparative Statement of Financial Position

(at January 31 of subsequent calendar year)

## ASSETS:

Cash	\$ 20,224,468	\$ 15,363,742	\$ 13,452,115	\$ 14,200,527	\$ 15,636,634
United States Government securities	—	—	118,580	173,735	234,078
Accounts receivable—customers installment accounts (net)	1,756,107	8,385,633	7,706,615	7,865,202	8,172,158
Accounts receivable—other	1,339,005	1,266,581	1,150,812	1,247,243	1,132,624
Merchandise inventories	69,762,345	61,725,684	60,819,730	45,676,626	39,564,481

## TOTAL CURRENT ASSETS

	93,081,925	86,741,640	83,247,852	69,163,333	64,739,975
Investment in Zeller's Limited, at cost	4,566,797	3,616,036	3,616,036	3,616,036	3,559,455
Cash surrender value of life insurance	2,961,279	2,869,063	2,779,356	2,691,172	2,604,069
Recoverable taxes	—	1,635,000	1,635,000	1,268,000	1,268,000
Miscellaneous investments, employees' accounts receivable, building costs recoverable from landlords, etc.	902,281	908,713	829,116	2,157,863	1,893,035
Common stock of W. T. Grant Company held for deferred contingent compensation plan, at cost	295,174	233,684	158,226	139,106	84,636
Land and buildings, depreciated	319,854	374,979	882,457	3,384,053	5,417,925
Furniture and fixtures, depreciated	30,400,992	28,994,855	25,033,807	22,221,137	19,538,832
Improvements to leased properties (net)	6,919,922	7,425,191	7,843,263	12,639,822	13,232,650
Deferred charges	2,524,387	2,491,750	2,190,246	1,937,721	1,890,529

## TOTAL ASSETS

\$141,972,611

\$135,290,911

\$123,215,359

\$119,218,243

\$114,229,106

## LIABILITIES, RESERVES, AND CAPITAL:

Accounts payable and accrued expenses	\$ 26,850,664	\$ 23,959,603	\$ 23,020,193	\$ 19,079,575	\$ 20,021,511
Federal taxes on income—estimated (less U. S. Government securities)	3,957,987	4,973,877	3,102,943	3,530,452	2,762,253

## TOTAL CURRENT LIABILITIES

30,808,651

28,933,480

26,123,136

22,610,027

22,783,764

Reserve for inventory reduction, less tax refunds, if retroactive LIFO is sustained	—	—	3,214,118	3,214,118	3,214,118
Reserve for uninsured risks	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Reserve for repainting stores	1,035,906	1,037,395	916,496	848,137	793,937
Reserve for deferred contingent compensation	322,904	255,249	195,815	141,710	95,160

## CAPITAL:

Preferred 3¾% cumulative \$100 par value	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
Common	15,595,077	15,045,264	14,402,177	13,779,865	13,262,437
Earnings retained for use in the business	77,710,073	73,519,523	66,863,617	62,124,386	57,579,690

## TOTAL LIABILITIES, RESERVES, AND CAPITAL

\$141,972,611

\$135,290,911

\$123,215,359

\$119,218,243

\$114,229,106

## SOURCE AND DISPOSITION OF FUNDS

### Where funds came from

(amounts in 000's)

	1957	1956	1955	1954	1953	TOTAL 5 YEARS
<b>SALES</b> .....	\$406,337	\$380,915	\$351,849	\$317,157	\$299,768	\$1,756,026
<b>LESS:</b>						
Merchandise costs, supplies, outside services, etc. ....	280,420	265,258	244,979	220,632	209,170	1,220,459
Wages and salaries, including miscellaneous benefits ..	74,610	68,023	60,391	54,048	49,912	306,984
Retirement plan contributions .....	1,200	1,138	1,196	1,383	1,388	6,305
Social security taxes on payrolls .....	2,444	2,179	1,809	1,585	1,374	9,391
Rents to landlords less rentals on subleases .....	16,943	15,469	13,499	12,359	11,073	69,343
Federal, state and local taxes, excluding social security taxes .....	15,596	15,096	15,684	14,180	15,066	75,622
Depreciation and amortization .....	5,407	4,814	4,581	4,215	3,740	22,757
<b>NET INCOME FROM OPERATIONS</b> .....	\$ 9,717	\$ 8,938	\$ 9,710	\$ 8,755	\$ 8,045	\$ 45,165
Add charges against income which involve no cash outlay:						
Depreciation and amortization .....	5,407	4,814	4,581	4,215	3,740	22,757
Net increase in reserves .....	66	180	122	101	41	510
From sale of common stock to employees .....	550	643	622	518	432	2,765
From recovery of taxes, pertaining to LIFO .....	1,635	—	—	—	—	1,635
From sales of land and buildings .....	48	494	2,474	1,978	242	5,236
Recovery of building costs from landlords .....	—	—	1,710	—	—	1,710
From sale of improvements to leased properties .....	—	—	3,874	—	—	3,874
Funds taken from working capital .....	—	—	—	—	1,121	1,121
<b>TOTAL FUNDS PROVIDED</b> .....	\$ 17,423	\$ 15,069	\$ 23,093	\$ 15,567	\$ 13,621	\$ 84,773

## How funds were used

	1957	1956	1955	1954	1953	TOTAL 5 YEARS
For dividends to stockholders .....	\$ 5,527	\$ 5,496	\$ 4,971	\$ 4,211	\$ 4,188	\$ 24,393
For investment in furniture and fixtures .....	6,050	8,021	6,443	5,829	5,665	32,008
For investment in improvements to leased properties .....	251	322	—	420	1,303	2,296
For building costs recoverable from landlords .....	—	—	—	284	544	828
For investment in Zeller's Limited .....	951	—	—	57	—	1,008
To reduce mortgages payable .....	—	—	—	—	1,573	1,573
For purchase of common stock for deferred compensation plan .....	61	76	19	54	61	271
For increases in sundry accounts—net .....	118	471	1,089	115	287	2,080
Funds added to working capital .....	4,465	683	10,571	4,597	—	20,316
<b>TOTAL FUNDS USED .....</b>	<u>\$ 17,423</u>	<u>\$ 15,069</u>	<u>\$ 23,093</u>	<u>\$ 15,567</u>	<u>\$ 13,621</u>	<u>\$ 84,773</u>

(Amounts in 000's)

## 1907—FINANCIAL AND

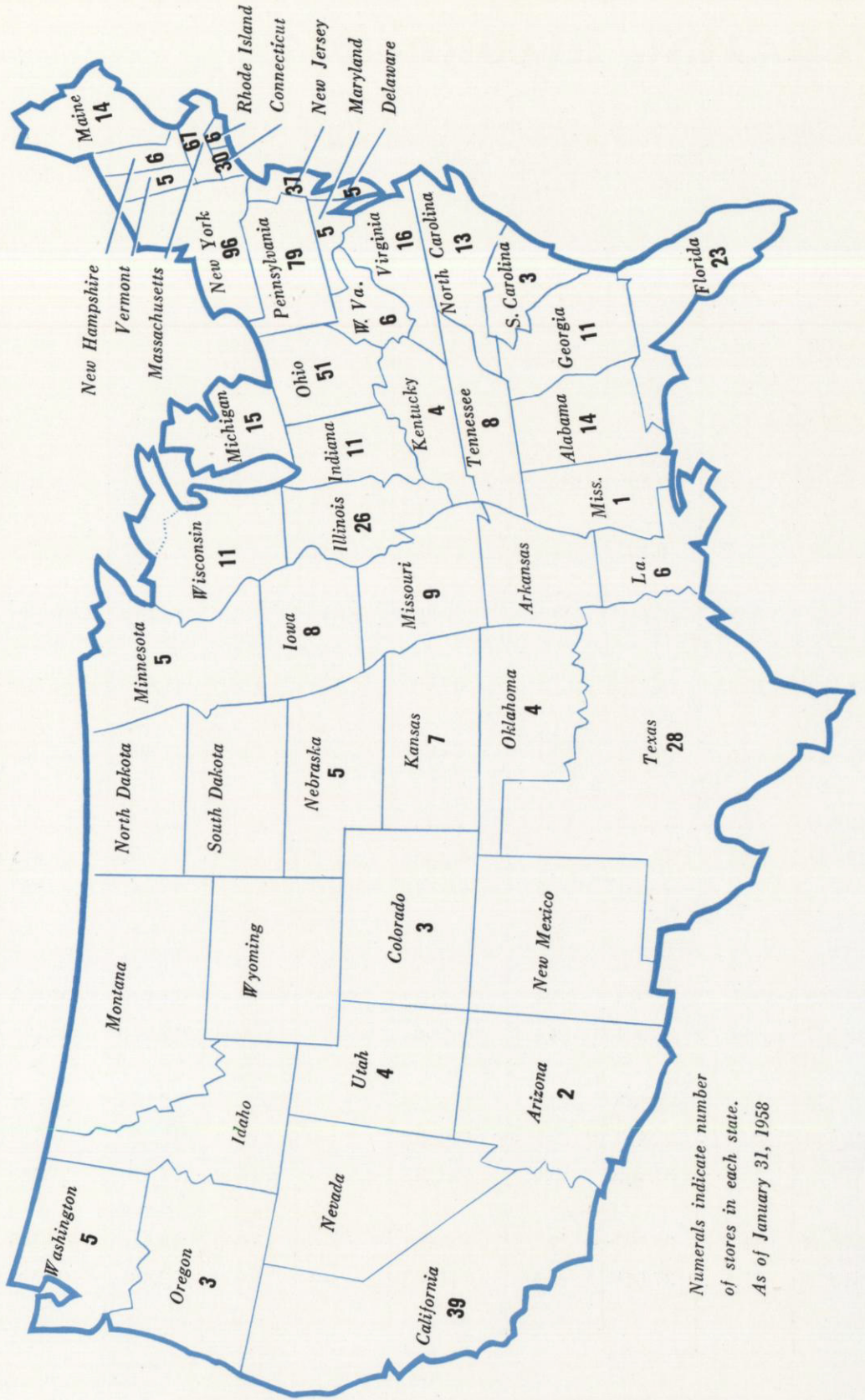
Year	No. of Stores	Sales	Pre-Tax Earnings		Net Earnings		Dividends		
			Total	Per Sales \$	Total	Per Sales \$	Preferred	Common	% To Net
1907	1	\$ 99	\$ 10	10.1c	\$ 10	9.8c	\$ —	\$ 8	81.7%
1912	12	1,362	26	1.9	26	1.9	5	27	121.9
1917	30	4,511	154	3.4	110	2.4	11	33	39.5
1922	50	15,383	708	4.6	611	4.0	98	75	28.2
1927	157	43,744	2,754	6.3	2,386	5.5	114	455	23.8
1932	446	73,087	1,849	2.5	1,612	2.2	—	1,195	74.2
1937	480	99,060	4,253	4.3	3,402	3.4	87	2,266	69.2
1942	493	154,204	9,684	6.3	3,762	2.4	349	1,665	53.5
1947	483	228,636	13,862	6.1	8,679	3.8	563	3,568	47.6
1948	482	233,904	13,071	5.6	7,951	3.4	563	2,379	37.0
1949	480	233,168	13,292	5.7	8,042	3.5	563	3,568	51.4
1950	477	250,574	15,938	6.4	8,103	3.2	563	3,572	51.0
1951	482	268,333	19,237	7.2	7,517	2.8	563	3,587	55.2
1952	491	283,240	18,895	6.7	7,570	2.7	563	3,602	55.0
1953	502	299,768	18,920	6.3	8,045	2.7	563	3,625	52.1
1954	520	317,157	18,585	5.9	8,755	2.8	563	3,648	48.1
1955	574	351,849	20,395	5.8	9,710	2.8	563	4,408	51.2
1956	632	380,915	18,493	4.9	8,938	2.3	563	4,933	61.5
1957	691	406,337	18,259	4.5	9,718	2.4	563	4,964	56.9

# OPERATING RECORD-1957

(Amounts in 000's)

Working Capital		Fixed Assets		Total Assets	Long Term Debt	Capital		Net Worth	Year
Total	% to Sales	Total	% to Sales			Preferred	Common		
\$ 16	16.5%	\$ 3	3.0%	\$ 30	\$ —	\$ —	\$ 16	\$ 19	1907
179	13.2	132	9.7	411	—	150	150	315	1912
430	9.5	301	6.7	1,485	—	150	150	759	1917
1,803	11.7	1,403	9.1	3,913	75	1,655	150	3,261	1922
5,200	11.9	6,167	14.1	13,221	330	967	3,787	11,416	1927
9,704	13.3	16,101	22.0	30,320	2,038	—	10,089	25,155	1932
18,580	18.8	14,876	15.0	39,700	1,540	6,978	11,894	34,359	1937
22,449	14.6	19,052	12.4	56,982	4,530	6,977	11,894	41,046	1942
42,359	18.5	23,128	10.1	86,401	4,812	15,000	11,894	63,462	1947
42,988	18.4	27,541	11.8	87,984	4,403	15,000	11,894	68,472	1948
39,729	17.0	33,094	14.2	92,838	3,303	15,000	11,894	72,383	1949
41,712	16.6	32,966	13.2	99,574	3,329	15,000	11,922	77,292	1950
41,562	15.5	35,919	13.4	101,882	2,759	15,000	11,980	80,983	1951
43,077	15.2	35,203	12.4	108,194	1,573	15,000	12,041	84,744	1952
41,956	14.0	38,189	12.7	114,229	—	15,000	12,130	89,056	1953
46,553	14.7	38,245	12.1	119,218	—	15,000	12,220	94,118	1954
57,125	16.2	33,760	9.6	128,215	—	15,000	12,318	99,480	1955
57,808	15.2	36,795	9.7	135,291	—	15,000	12,415	103,565	1956
62,273	15.3	37,641	9.3	141,973	—	15,000	12,491	108,305	1957

# 691 W. T. GRANT STORES IN 40 STATES



Numerals indicate number of stores in each state. As of January 31, 1958





**W. T. GRANT CO. • 1441 BROADWAY • NEW YORK, N. Y.**

12/30  
12/30  
12/30